

## Trader Finance (2009) Limited

Directors' report and financial statements for the year ended 30 March 2014

Registered number: 6765198



## Directors' report

For the year ended 30 March 2014

The directors present their annual report on the affairs of the company, together with the audited financial statements for the year ended 30 March 2014.

The directors' report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

### Principal activity, business review and future developments

The principal activity of the company is to purchase and hold the debt of Trader Media Corporation Limited, a fellow group undertaking. The company may make additional purchases of the debt held by Trader Media Corporation Limited in future periods at the discretion of the directors.

During the year the company purchased part of the debt held by Trader Media Corporation Limited, a fellow group undertaking. The purchase of this debt, while at an arms length transaction from parties external to the group, was at a small discount on the debt's nominal value. The nominal value of the debt purchased was £7.6 million (2013: £11.4 million) for consideration of £7.5 million (2013: £11.1 million). Transaction costs associated with the purchase of this debt were £nil (2013: £0.1 million). As part of the refinancing below, the company also purchased £9.3 million of debt at par value.

Throughout the year, the cumulative gain on these debt purchases has been realised over the period from the date of repurchase to the repayment date of the debt. The gain recorded in the current year was £2.0 million (2013: £2.3 million).

The company received interest on the debt held at a rate of LIBOR plus a margin of between 2.0% and 4.5% up to the date of the refinancing. As a result of continued low LIBOR and few new debt purchases in the year, the total interest received of £8.0 million is similar to the prior year amount.

On 28 February 2014, Guardian Media Group sold their remaining 50.1% interest in Auto Trader Group Limited (formerly Trader Media Group Limited) to the existing shareholders Crystal A Holdco Sàrl and Crystal B Holdco Sàrl (collectively "Apax Partners") and Ed Williams. Additional disclosure on the transaction is given in the publicly available consolidated financial statements of Auto Trader Group Limited. The company remains a wholly owned subsidiary of Auto Trader Group Limited but the group is now ultimately controlled by Apax Partners through their 94% holding.

In connection with the transaction Trader Media Corporation Limited renegotiated its existing syndicated loan facility. The impact for the company is that part of the debt held has been transferred to other tranches, repayments dates have been extended from June 2015 to June 2017 and December 2017 and the margins for the interest receivable increased to between 4.25% and 4.5%.

A more detailed Financial Review, future developments, principal risks and uncertainties, KPIs, donations, corporate governance reports, corporate and social responsibility report and financial risk management objectives are provided on pages 1 to 22 of the Annual Report of the company's parent company Auto Trader Group Limited (registered number 4768833).

## **Directors' report (continued)**

For the year ended 30 March 2014

### **Results and dividends**

The company's profit for the financial year was £9,478,000 (2013: £7,935,000) which was transferred to reserves.

The directors do not recommend payment of a final dividend (2013: £nil).

### **Directors**

The directors who served during the year and up to the date of the signing of the financial statements unless otherwise stated were as follows:

S	Glithero	
T	Collet	
J	Walker	(appointed 26 July 2013)
Z	Byng-Maddick	(resigned 26 July 2013)

### **Directors' indemnities**

Qualifying third party indemnity was in force during the financial year and also at the date of approval of the financial statements.

## Directors' report (continued)

For the year ended 30 March 2014

### Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Disclosure of information to auditors

The directors confirm, in the case of each director in office at the date the directors' report is approved, that:

- a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- b) he/she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auto Trader House  
Cutbush Park Industrial Estate  
Danehill  
Lower Earley  
Reading  
Berkshire  
RG6 4UT

Approved by the directors on 12 June 2014



S Glithero  
Director

# **Independent auditors' report to the members of Trader Finance (2009) Limited**

## **Report on the financial statements**

### **Our opinion**

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 30 March 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

### **What we have audited**

The financial statements, which are prepared by Trader Finance (2009) Limited, comprise:

- Balance sheet as at 30 March 2014;
- Profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

### **What an audit of financial statements involves**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Directors' report and financial statements (the "Annual Report") to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Other matters on which we are required to report by exception**

### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

## **Independent auditors' report to the members of Trader Finance (2009) Limited (continued)**

### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

### **Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' report and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

## **Responsibilities for the financial statements and the audit**

### **Our responsibilities and those of the directors**

As explained more fully in the Statement of directors' responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



**Matthew Hall (Senior Statutory Auditor)**  
**for and on behalf of PricewaterhouseCoopers LLP**  
**Chartered Accountants and Statutory Auditors**  
**Reading**  
**12 June 2014**

## Profit and loss account

For the year ended 30 March 2014

	Note	2014 £'000	2013 £'000
<b>Turnover</b>		-	-
Administrative expenses		-	-
Other operating income		1,965	2,346
<b>Operating profit</b>	2	1,965	2,346
Interest receivable and similar income	3	8,042	8,167
<b>Profit on ordinary activities before taxation</b>		10,007	10,513
Tax on profit on ordinary activities	6	(529)	(2,578)
<b>Profit for the financial year</b>	10, 11	9,478	7,935

There are no recognised gains or losses other than those included in the results above; accordingly no statement of total recognised gains and losses is presented.

There are no material differences between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

All results arise from continuing activities in both years.

**Balance sheet**  
As at 30 March 2014

	Note	2014 £'000	2013 £'000
<b>Current assets</b>			
Debtors	7	206,846	188,577
Cash at bank and in hand		1	8
		<u>206,847</u>	<u>188,585</u>
<b>Creditors: amounts falling due within one year</b>	8	<u>(121,453)</u>	<u>(112,669)</u>
<b>Net assets</b>		<u>85,394</u>	<u>75,916</u>
<b>Capital and reserves</b>			
Called-up share capital	9	46,510	46,510
Profit and loss account	10	<u>38,884</u>	<u>29,406</u>
<b>Total shareholder's funds</b>	11	<u>85,394</u>	<u>75,916</u>

The financial statements on pages 6 to 12 were approved by the board of directors on 12 June 2014 and were signed on its behalf by:



S Glithero  
Director

Registered number: 6765198



# Notes to the financial statements

For the year ended 30 March 2014

## 1 Accounting policies

### Basis of accounting

These financial statements are prepared on the going concern basis, under the historical cost convention, in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The principal accounting policies are set out below, all of which have been applied consistently throughout the year and the preceding year.

### Cash flow statement

The company is a wholly owned subsidiary of Auto Trader Group Limited (formerly Trader Media Group Limited), a company incorporated in England and Wales, and the cash flows of the company are included in the consolidated financial statements of that company, which are publicly available. Consequently the company has taken advantage of the exemption available under paragraph 5 of Financial Reporting Standard 1 *Cash Flow Statements (revised 1996)* from preparing a cash flow statement.

### Related party transactions

Under the provisions of Financial Reporting Standard 8 *Related Party Disclosures*, the company is exempt from the requirement to disclose details of related party transactions with entities that are part of Auto Trader Group Limited group, or investees of the Auto Trader Group Limited group.

### Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

### Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred on the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all evidence available, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average rates that are expected to apply in the periods in which the timing differences are expected to reverse based on the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

### Discounted debt

Debt purchased at a discount to nominal value is stated at cost on acquisition. The difference between acquisition cost and nominal value is realised over the period to the date on which the debt is due to be redeemed using the effective interest rate method.

## Notes to the financial statements (continued)

For the year ended 30 March 2014

### 2 Operating profit

Operating profit is stated after crediting:

	2014 £'000	2013 £'000
Gain on debt purchased at a discount	<u>1,965</u>	<u>2,346</u>

Fees payable for the audit of the company's financial statements have been borne by a fellow group company.

### 3 Interest receivable and similar income

	2014 £'000	2013 £'000
On amounts due from group undertakings	<u>8,042</u>	<u>8,167</u>

### 4 Employee information

The average number of persons (excluding directors) employed during the year was nil (2013: nil). As such, no staff costs arose during the year (2013: £nil).

### 5 Directors' remuneration

The emoluments of the directors have been borne by other group companies as their services provided to the company are considered incidental to services provided elsewhere within the group.

The remuneration of all directors was paid by Auto Trader Limited (formerly Trader Publishing Limited) and not recharged. The allocation of this remuneration in relation to their services as directors of the company is £33,000 (2013: £51,000).

## Notes to the financial statements (continued)

For the year ended 30 March 2014

### 6 Tax on profit on ordinary activities

	2014 £'000	2013 £'000
<b>Current taxation</b>		
UK corporation tax	-	1,960
<b>Deferred taxation</b>		
Origination and reversal of timing differences	385	481
Effect of rate changes on deferred taxation	144	137
<b>Total deferred taxation</b>	529	618
<b>Tax on profit on ordinary activities</b>	529	2,578

The tax assessed for the year is lower (2013: lower) than the standard rate of corporation tax in the UK of 23% (2013: 24%).

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before taxation are as follows:

	2014 £'000	2013 £'000
<b>Profit on ordinary activities before taxation</b>	10,007	10,513
Tax on profit on ordinary activities at the standard UK corporation tax rate of 23% (2013: 24%)	2,302	2,523
Other timing differences	(452)	(563)
Group relief for nil consideration	(1,850)	-
<b>Current taxation charge for the year</b>	-	1,960

The company earns its profits entirely in the UK, therefore the rate used for taxation is the standard rate for UK corporation tax.

During the year, as a result of the changes in the UK corporation tax rate to 21% from 1 April 2014 and to 20% from 1 April 2015, which were substantively enacted on 2 July 2013, the relevant deferred tax balances have been re-measured.

# Notes to the financial statements (continued)

For the year ended 30 March 2014

## 7 Debtors

	2014 £'000	2013 £'000
Amounts owed by group undertakings	205,431	186,590
Prepayments and accrued income	844	887
Deferred tax asset	571	1,100
	<u>206,846</u>	<u>188,577</u>

The company receives interest on the amounts due from group undertakings at a rate of LIBOR plus a margin of between 4.25% and 4.5% (2013: 2% and 4.75%). Amounts receivable are due for repayment in June 2017 and December 2017 (2013: June 2015, June 2017 and December 2017).

	Deferred taxation £'000
At beginning of year	1,100
Charged to the profit and loss account	(529)
At end of year	<u>571</u>

Deferred taxation is provided as follows:

	2014 £'000	2013 £'000
Other timing differences	<u>571</u>	<u>1,100</u>

## 8 Creditors: Amounts falling due within one year

	2014 £'000	2013 £'000
Amounts owed to group undertakings	<u>121,453</u>	<u>112,669</u>

Amounts owed to group undertakings are unsecured, non-interest bearing and are repayable on demand.

## 9 Called-up share capital

	2014 £	2013 £
<i>Allotted, called-up and fully paid</i>		
46,510,465 ordinary shares of £1 each	<u>46,510,465</u>	<u>46,510,465</u>

## Notes to the financial statements (continued)

For the year ended 30 March 2014

### 10 Profit and loss account

	2014 £'000
At beginning of year	29,406
Profit for the financial year	9,478
At end of year	<u>38,884</u>

### 11 Reconciliation of movements in total shareholder's funds

	2014 £'000	2013 £'000
Opening total shareholder's funds	75,916	67,981
Profit for the financial year	9,478	7,935
Closing total shareholder's funds	<u>85,394</u>	<u>75,916</u>

### 12 Ultimate controlling parties

The company's immediate parent company is Auto Trader Limited (formerly Trader Publishing Limited), which is incorporated in Great Britain and registered in England and Wales.

The smallest group in which the results of the company are consolidated is that headed by Trader Media Corporation (2003) Limited. The largest group in which the results of the company are consolidated is that headed by Auto Trader Group Limited (formerly Trader Media Group Limited). The consolidated financial statements of both groups are available to the public and will be filed with the registrar of companies.

The company is jointly controlled by Crystal A TopCo Sàrl (indirectly holding 33.6% of the ordinary shares) and Crystal B TopCo Sàrl (indirectly holding 60.3% of the ordinary shares). Crystal A TopCo Sàrl and Crystal B TopCo Sàrl (companies operated by Apax Partners, a private equity firm) are incorporated under the laws of Luxembourg.